Texas Water Development Board Financing Programs

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Financial Assistance Programs

- The TWDB offers several state and federal loan and grant programs for the planning, design, and construction of new water and wastewater infrastructure projects and for making improvements to existing water and wastewater facilities.

State Funded

Financial Assistance Programs

Water Supply

Wastewater

Flood Control

Development Fund I & II
Water Financial Assistance Account

- Planning, design, and construction for water supply, wastewater, and flood control.
- Eligible applicants - political subdivisions and non-profit water supply corporations.
- Non-subsidized interest. Interest rates 0.35% above TWDB cost of funds, based on state “AA” rating.
- Repayment generally occurs within 20-25 years.
- No priority system.
- Also provides matching funds for State Revolving Fund Programs (at cost of funds).

Development Fund I & II

Economically Distressed Areas Account

- Planning, design and construction for water supply and wastewater projects.
- $61 million remaining of the $250 million in general obligation bond authorization. (However, due to recent budget cuts there has been delays in the availability of funds.)
- 10% must be in the form of loans.
- Up to 90% may be grants.
- Also provides matching funds (as a grant for the Colonias Wastewater Treatment Assistance Program).

Development Fund I & II
State Participation Account

- **Approx. $10 million remaining in the general obligation bond authorization.**
- **State purchases interest not to exceed 80% for new water projects and not to exceed 50% in all other water and wastewater projects.**
- **Enables regional entities to build optimum-sized projects where existing population cannot support full debt.**
- **Interest rates 0.35% above TWDB cost of funds based on State “AA” rating. Repayment generally occurs within 30-35 years.**
- **Interest deferred over 13 years.**
- **Takes advantage of economy of scale.**
- **Prevents unnecessary parallel projects.**
- **Priority System (Semi-annually cycle).**
- **Administrative cost recovery fee of 0.77%.**

Water Assistance Fund

- State appropriation and interest earnings.
- Water Loan Assistance for water and wastewater treatment and flood control.
- Research and Planning grants for water research, flood protection planning, water supply and wastewater planning.
- Colonia Self-Help grant assistance for projects that provide necessary water and wastewater service to a colonia in which the people who will benefit from the project actively participate.

Rural Water Assistance Fund

- Created by the 77th Legislature, Senate Bill 2.
- Eligible borrowers are defined as Rural Political Subdivisions.
- Low interest loans and up to 40-year maturity on water and wastewater projects.
- Non-profit water supply corporations are exempt from sales tax that is incurred for any project financed through the fund.

Groundwater District Loan Program

- Eligible borrowers are any groundwater conservation district or authority created under the Texas Constitution, Section 52, Article XVI, that has the authority to regulate the spacing of water wells, the production of water wells, or both.
- Loan funds may be used to fund or reimburse initial expenses, including start-up and operating costs.
- Interest rates based on the Delphis Hanover “92A” index.
- Loans may not exceed a period of three years.

Agricultural Water Conservation Program

- Funds re-appropriated from the Water Assistance Fund.
- Provides loans and grants for the purchase of equipment for agricultural water conservation uses and water quality testing.
- TWDB provides loans to borrower and lender districts.
- Borrower Districts use loan proceeds for agriculture water conservation purposes and lender Districts make loans to individual borrowers for efficient irrigation equipment.

Federally Funded

Financial Assistance Programs

Clean Water State Revolving Loan Fund (CWSRF)

- Program capacity - est. $330 million per year.
- Planning, design, and construction of wastewater projects, and non-point source pollution control.
- Eligible applicants - political subdivisions.
- Subsidized Interest (Market - 0.7%).
  - Additional .25% if origination charge financed.
- Funded by Federal Grants, State Match, and Revenue Bonds.
- Priority System (Annual Cycle).
- Loan origination charge of 1.85%.

Drinking Water State Revolving Loan Fund (DWSRF)

- Program capacity – est. $70 million per year.
- Facilitate compliance with Drinking Water regulations.
- Eligible applicants - Community Water Systems, including private systems, and Non-profit Non-Community (NPNC) Systems.
- Subsidized Interest Rate (Market -1.2%).
  - Additional .25% if origination fee financed.
- Funded by Federal Grant + State Match.
- Priority System (Annual Cycle).
- Loan origination fee of 2.25%.

Colonias Wastewater Treatment Assistance Program (CWTAP)

- U.S. Environmental Protection Agency (EPA) grant program.
- Planning, design, and construction of wastewater treatment projects for economically distressed areas within 100 kilometers of the border.
- CWTAP grants IV and V include a water supply funding component.
- Limited funding available.

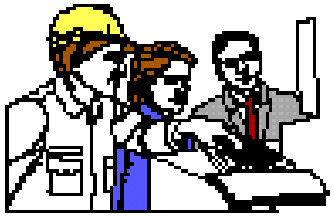
Colonia Plumbing Loan Program

- U.S. EPA Grant to the State from the SRF.
- Low interest rate loans to individuals for indoor plumbing improvements and hook-ups.
- Eligibility limited to border counties.
- Applicants can apply for 9% administrative fees as a grant.
- Total Funding Available - approximately $11 million.

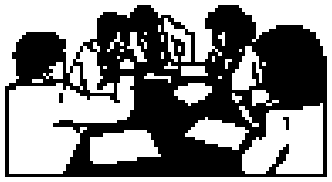
Who Qualifies for TWDB Funds?

1. Political Subdivisions
2. Non-profit water supply corporations (except CWSRF)
3. Investor-owned public drinking water systems (DWSRF only)

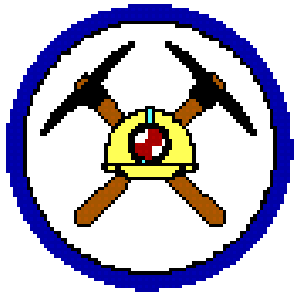
Program Process Begins Here



Applicant Hires Engineer
and
Legal Counsel

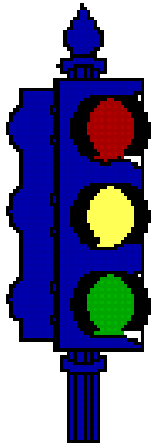


Pre-Application Meeting



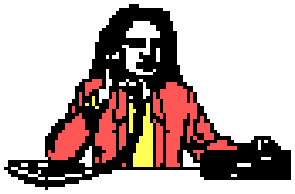
Project Begins

Loan Processing

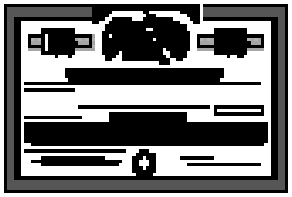


Complete
Application
and Annual
Audit Submitted.

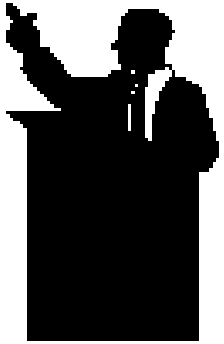
Applicant Receives
Financing



Closing Scheduled



TWDB Initiates Bond
Issuance Process and
Sells Bonds



Board
Approves
Application
Request

Application Process

- Pre-planning meeting, if desired
- Pre-application meeting
- Application due 1st of month
- Board Action occurs at the monthly

Board

Pre-Design Funding Option

- **Water & Wastewater Projects (Except EDAP and State Participation).**
- **Planning & Environmental Studies Funded at Closing.**
- **Interest Rates Locked in at Closing.**
- **Funds for Final Design, Plans & Specs, and Construction Placed in Escrow**

Conclusions:

- We hope this summary gives you a great start in understanding how the TWDB Finance Programs work.
- You may also wish to visit the TWDB web site at www.twdb.state.tx.us

Thank you.